

12- Mo. Forecast

11,500
Average Rent (NTD/PING/MO)

2.7%
Rental Growth Rate (QOQ)

6.1%
Vacancy Rate

Source: Cushman & Wakefield

Consumer Spending Patterns Normalize, Enabling Steady Growth in Retail Revenues

General merchandise stores' total sales revenues for January and February of 2024 grew 5.3% y-o-y. Department store revenues saw a modest rise of 1.3% y-o-y, with sales somewhat impacted by greater outbound travel during the New Year and Lunar New Year holidays. Convenience stores revenue grew by 7.0% y-o-y, driven by holiday travel and gift box sales. Supermarkets and hypermarkets benefited from Lunar New Year spending, with revenues increasing by 4.6% y-o-y and 3.4% y-o-y respectively. Other retail sector sales in the period, particularly duty-free shops, jumped by 16.7% y-o-y, fueled by continuous growth in inbound and outbound travelers.

Top Chain Brands Claiming Prime Spots, Driving Down Vacancy in Key Commercial Districts

Well-known toy store Pop Mart and e-commerce clothing brand Pazzo both rented prime storefronts in the Ximen commercial district in Q1 2024, leading to a sustained fall in the district's vacancy rate to 3.8%. The Zhongshan/Nanjing commercial district remained stable in the quarter, with a few stores relocating within the retail hub, and the vacancy rate dropping to 4.7%. Changes in the Zhongxiao commercial district in the quarter have primarily revolved around short-term lease sales, with the notable addition of renowned sports brand Hoka seizing prime locations with high exposure. As a result, the Zhongxiao vacancy rate dropped slightly to 11.7%.

Ximen District Banishes the Shadow of Pandemic, Welcomes Tourism Boom

According to data from the Tourism Administration (MOTC), inbound tourist arrival numbers to Taiwan in 2023 recovered to around half of the pre-pandemic level. For the retail market, Ximen commercial district, a tourist hotspot, has emerged as one of the biggest beneficiaries. The number of souvenir shops in the district has multiplied, while many well-known retailers and chain restaurants, recognizing the foot traffic benefits and advertising potential, have also opened branches in the area. This revitalization has enabled Ximen to banish the commercial shadows of the pandemic period, with remaining vacant storefronts now quickly being filled.

TAIWAN ECONOMICS INDICATORS Q4 2023

4.9%
GDP Growth

YoY Chg: ▲ 12-Mo Forecast: ▼

2.9%
CPI Growth

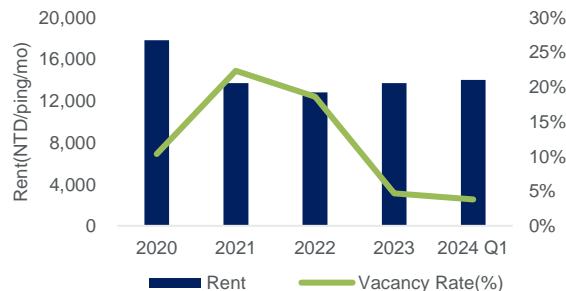
YoY Chg: ▲ 12-Mo Forecast: ▼

5.3%
Cumulative Sales of General Merchandise

YoY Chg: ▲ 12-Mo Forecast: N/A

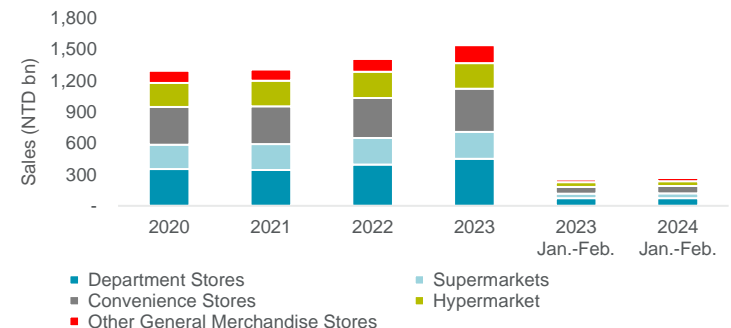
Source: Directorate-General of Budget, Accounting and Statistics, Moody's Analytics

RENT / VACANCY RATE IN XIMEN



Source: Cushman & Wakefield Research

CUMULATIVE SALES OF GENERAL MERCHANDISE



Source: Directorate-General of Budget, Accounting and Statistics

PRIMARY RETAIL VACANCY AND AVERAGE RENTS IN Q1 2024

RETAIL HUB	VACANCY RATE	RETAIL RANGE (NTD/PING/ MO)	RENTAL RANGE (USD/SF/MO)	12- MONTH OUTLOOK
Zhongxiao	11.7%	8,000~11,000	7.1~9.8	■
Zhongshan/Nanjing	4.7%	7,000~12,000	6.2~10.7	■
Ximen	3.8%	9,000~15,000	8.0~13.3	▲

Note: Only high street store in prime retail hubs are taken into account. All data is based on gross floor area unless otherwise specified. Rentals are exclusive of management fees or other expenses.
Area Conversion: 1 Ping=35.58 Square Feet =3.3 Square Meters
Currency Exchange Rate: 1USD = 31.6394 NTD as of March 15, 2024

SIGNIFICANT OPENINGS IN Q1 2024

RETAIL HUB	LOCATION	TENENT	SIZE (Ping)
Zhongshan/Nanjing	Sec. 1, Zhongshan N. Rd.	I-MEI	35
Ximen	Emei St.	POP MART	215
Ximen	Emei St.	PAZZO	50
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	HOKA	40

SIGNIFICANT RETAIL PROJECTS - UNDER CONSTRUCTION/DECORATION

PROJECT	LOCATION	EXPECTED COMPLETION	GFA (Ping)
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2024	47,000
Far Eastern SOGO CITY	Xinyi District, Taipei City	2024	42,000

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